United Nations A/C.5/55/SR.31

# General Assembly
Fifty-fifth session

Official Records

Distr.: General
5 December 2000

Original: English

## Fifth Committee

**Summary record of the 31st meeting**
Held at Headquarters, New York, on Wednesday, 22 November 2000, at 10 a.m.

*Chairman:* Mr. Rosenthal ..... (Guatemala)
*Chairman of the Advisory Committee on Administrative and Budgetary Questions:* Mr. Mselle

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*The meeting was called to order at 10.10 a.m.*

**Agenda item 126: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (*continued*) (A/55/436, A/55/469; A/C.5/55/23)**

1. **Mr. Hays** (United States of America) said that the report of the Office of Internal Oversight Services (OIOS) (A/55/436) showed the comprehensive nature of its work within the United Nations and reaffirmed the justification for the renewal of its mandate. Its establishment had been one of the most important reform measures taken by the General Assembly in recent years. The Office continued to make a positive impact on the Organization in the areas of programme performance, accountability, economy and efficiency.

2. One of the most important indicators of the success of OIOS was the 73 per cent implementation rate of its recommendations by offices and programme managers. Since OIOS had expertise in planning and conducting many different types of evaluations, it should continue to play a key role in developing standard evaluation methodologies and training staff to use them. In carrying out its challenging mandates, OIOS must also be assured that its own resources were in line with its needs. His delegation was therefore pleased that attention was being paid to that area. Since field activities were frequently at risk for management problems, OIOS auditors and investigators must be able to review them regularly. His delegation also supported the need for OIOS to provide the full range of oversight services to new activities, as well as the many United Nations funds and programmes.

3. Turning to specific aspects of the report, he noted that the implementation of the global vehicle procurement project had saved substantial amounts of procurement funds for peacekeeping missions, but that it had not been carried out properly in several areas, and had thus cost the Organization $1.2 million more than necessary. His delegation would like to know why it had not been possible to capitalize on that laudable procurement reform and what had been done to get the project back on track.

4. It also appeared that humanitarian assistance activities in the field were vulnerable to mismanagement and non-compliance. In the Office of the United Nations High Commissioner for Refugees (UNHCR), for example, the auditors had found numerous instances of undocumented expenditures and field projects which had not been properly reviewed and terminated. He asked what changes had been implemented to ensure that unsuccessful projects were closed down and unspent funds recovered.

5. A growing amount of responsibility had been placed on the Office of the Iraq Programme to oversee implementation of the oil-for-food programme and other humanitarian activities. His delegation was concerned, however, to read of poor contracting practices and project implementation which had led to millions of dollars in added costs, and it requested an update on management improvements.

6. The activities of the High Commissioner for Human Rights had also been cited for a variety of management shortcomings. It would be valuable to hear what had been done to strengthen management while minimizing delays in critical processes.

7. The report showed that the attendance and leave system was unwieldy, costly and ineffective, and it was disappointing that the implementation of the Integrated Management Information System (IMIS) was not likely to achieve efficiencies in that area. He wished to know how the Secretariat intended to make the system more efficient.

8. The significant case of travel fraud at the United Nations Mission in Bosnia and Herzegovina, first reported in the previous year's report of OIOS, had resulted in a prison sentence for the person responsible. Since that fraud had been committed partly because of weak internal controls and poor supervision, he asked what had been done to remedy those conditions.

9. Finally, the wasteful practices reported at the publishing office in Geneva were alarming; he requested a full report on efforts to restructure the unit and hold managers accountable.

10. In conclusion, he suggested that the Committee should take note with appreciation of the report on rules and procedures to be applied for the investigation functions performed by OIOS (A/55/469), which had been submitted in accordance with General Assembly resolution 54/244.

11. **Ms. Silot** (Cuba) said that the annual report of OIOS giving an overview of its activities (A/55/436) was highly useful. However, her delegation would welcome more detail on the recommendations and changes proposed in paragraph 8. It also welcomed the fact that costs had been recovered through OIOS

activities. The topic was a sensitive one, however, and she would like to hear further discussion of the distinction between recovery of costs and savings, and whether there had been any impact on the programme budget. The information on peacekeeping operations describing misdirection of funds and lack of regulation was also useful. In the light of its findings, OIOS should review any future requests for increased funding for such operations.

12. In the view of her delegation, OIOS should have a role in the implementation of the recommendations of the Millennium Summit and the report of the Panel on United Nations Peace Operations (A/55/305-S/2000/809), especially with regard to the delegation of authority over resources, both financial and human, to programme directors, because of the potential problems which went along with such decentralization. With regard to the need expressed by OIOS for more resources for audit and investigation, the same review criteria that were applied to other departments should be applied in that case.

13. Her delegation was awaiting an update on the scope of the OIOS mandate under General Assembly resolution 54/244 to improve the oversight mechanisms for United Nations funds and programmes. Specific regulations were needed to govern that mandate, together with a regular framework for the relationship of OIOS with national judicial authorities.

14. **Mr. Hamidullah** (Bangladesh) said that the main function of OIOS was to assist the Secretary-General in his management functions and in the management of the various departments and organizations of the United Nations system. The basic thrust of its activities was damage mitigation, but a compilation of best practices would help to replicate improvements made throughout the system.

15. With regard to the report on enhancing the internal oversight mechanisms in operational funds and programmes (A/C.5/55/23), he requested more information on how the discrete investigations mentioned in paragraph 2 were undertaken. His delegation viewed positively the decision referred to in paragraph 5, and would like to know how its implementation was proceeding.

16. **Mr. Alatrash** (Libyan Arab Jamahiriya) commended OIOS on the progress it had made in improving internal oversight, as reflected in its report (A/55/436). He was particularly interested in the implementation rates for the Office's audit recommendations (Box I). It would clearly be in the interests of the United Nations system to implement those recommendations fully, but he wondered if any additional measures were envisaged in the event that they were not fully implemented.

17. The internal oversight bodies and audit services within United Nations funds and programmes had an important role to play in controlling fraud and misconduct, especially in peacekeeping operations. He would like to know if the Office had planned any preventive measures — such as unannounced spot checks — to combat that kind of abuse in the field.

18. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services), in reply to the comments of the representative of the United States of America, said that OIOS received periodic reports that allowed it to monitor progress in the implementation of its recommendations, but it would be inappropriate for him to comment on the follow-up by individual departments to those recommendations. OIOS was already working on the development of standard evaluation methodologies and on staff training, and intended to step up its efforts in those areas.

19. With regard to the comments made by the representative of Cuba, he was aware that in many ways General Assembly resolution 54/244 supplemented resolution 48/218 B. Measures were being developed to improve monitoring and would be reported to Member States in due course. On the difference between cost savings and cost recovery, the latter referred to funds that had somehow been "lost" and recovered, while the former referred to savings made as a result of greater efficiency achieved as a result of OIOS recommendations to cut out waste or improve management practices. With regard to the follow-up to the Millennium Summit, OIOS was involved in implementing the Brahimi report (A/55/305-S/2000/809), particularly in areas where the delegation of authority to the field was being sought. Authority could only be delegated if a system of checks and balances was in place to ensure that it was not abused. On the question of resources, he said that there were areas, especially with regard to investigations, where the workload required additional resources; OIOS would submit any requests for more resources through the usual channels. He was pleased to hear that previous OIOS annual reports would be taken into

account in the informal consultations, even though they had not officially been endorsed.

20. There appeared to be some uncertainty over the mandate of OIOS in relation to United Nations funds and programmes. One way in which OIOS could help those funds and programmes with their internal oversight services without encroaching on their authority was to follow the example of the United Nations Development Programme (UNDP), where he, as Under-Secretary-General, had a permanent seat on the internal oversight committee. He was thus in a position to give well-informed advice while UNDP was able to conduct its oversight activities as it saw fit.

21. On the question of setting up a regulatory framework for investigative functions, he said that the regulations governing those functions were already spelled out in the various bulletins issued by the Secretariat, although the Secretariat might like to consider whether they needed to be streamlined or supplemented.

22. In response to the comments of the representative of Bangladesh, he said that pre-empting problems by helping managers to manage their programmes better was part of the mandate of OIOS. However, management consultancy needed to be deployed judiciously if it was not to swallow up all the available resources, and should only be expanded if it was possible to do so without cutting down on other services.

23. Funds and programmes referred cases of fraud and so on to OIOS because almost none of them had any investigative capacity of their own. OIOS normally only gave advice, although if resources permitted or the seriousness of the case merited it, it would carry out an investigation. One possible way to fund such investigations would be to have the funds and programmes reimburse OIOS for its work. Without further resources, OIOS was not in a position to expand its investigative activities.

24. In reply to the questions asked by the representative of the Libyan Arab Jamahiriya, he said it might be useful to make a separate list of the recommendations that would have the most far-reaching impact if they were implemented, rather than simply present statistics on the percentage of all recommendations that were implemented, as was currently done. On the question of preventive measures, he had suggested to the United Nations Controller that funds might be withheld from funds or programmes until they had followed up on the recommendations made by OIOS. The idea of holding spot checks deserved to be looked into more closely, but the presence in the field of a sufficient number of resident auditors and investigators was probably more important. Some were already in place and the system had worked quite well so far.

25. **The Chairman** said that the Committee had thus concluded its general discussion of agenda item 126.

**Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations** (*continued*) (A/55/353)

26. **Mr. Repasch** (United States of America) said that his delegation appreciated the complex and detailed report on the investigation into the misdirection of contributions made by Member States to the United Nations Environment Programme (UNEP) Trust Fund account. It noted with interest that, as mentioned in the first paragraph of the summary, Chase Manhattan Bank had restored the full amount of the misdirected funds as an accommodation. He wondered whether "accommodation" was the term chosen by OIOS or by the Bank to describe its response, as the Bank had been at least partly responsible. The report also stated that OIOS would evaluate the compliance of the United Nations Office at Nairobi with its recommendations, and he wondered if any report was available. With regard to the recommendations made by Chase Manhattan Bank, he asked if the United Nations had implemented them or if it had found other means to prevent a recurrence. Finally, he commended those Member States which had alerted the United Nations to the fact that their contributions had not been recorded.

27. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services) said that the recommendations made by OIOS in the case of the misdirected funds had been accepted by all concerned, including the Chase Manhattan Bank. By returning all the money to the UNEP Trust Fund account, Chase had acknowledged that it had been in the wrong, even if it was following a practice that was fairly common in the United States of using only a number, without a name, to identify an account. The OIOS recommendations to help Member States and UNEP keep track of contributions should prevent a recurrence of the problem, but he did not know if those recommendations had yet been put into practice.

28. **The Chairman** suggested that the Committee should take note of the report of the Office of Internal Oversight Services on the investigation into the misdirection of contributions made by Member States to the UNEP Trust Fund account (A/55/353).

29. *It was so decided.*

30. **The Chairman** said that the Committee had thus concluded its general discussion of agenda item 116, and requested the Rapporteur to report thereon directly to the General Assembly.

**Other matters**

31. **Ms. Silot** (Cuba) said it was regrettable that, during the previous day's informal consultations concerning the Board of Auditors, the representative of Canada had suggested that certain delegations were not taking the Committee's work seriously, as if they did not wish to complete it in the time available. He had even suggested that the Group of 77 should hold fewer meetings during the session. She called on the representative of Canada to respect the sovereignty of Member States and the protocol governing relations between delegations. Her delegation would continue to work closely with other delegations to complete the work allocated to the Committee.

**Organization of work**

32. **Mr. Hassan** (Nigeria) said that several members of the Group of 77 and China had requested that the forthcoming Ramadan fast should be taken into account in scheduling the meetings of the Committee.

33. **Mr. Acakpo Satchivi** (Secretary of the Committee) said that afternoon meetings would be suspended between 4.15 p.m. and 5.15 p.m. and end at 6.30 p.m., and that evening meetings would be held between 7 p.m. and 10 p.m.

*The meeting rose at 11.15 a.m.*